1988 ANNUAL REPORT

The Saskatchewan Government Printing Company

89-04989/

ANNUAL REPORT

of

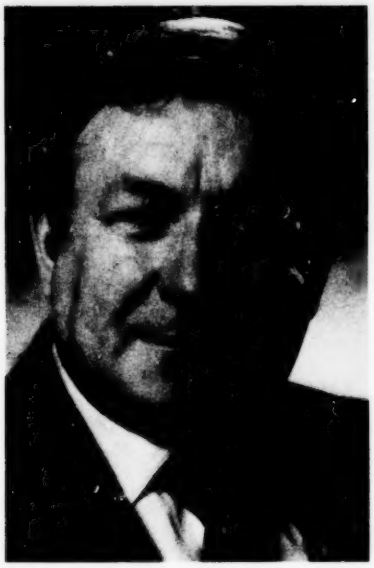
The Saskatchewan Government Printing Company

of the

PROVINCE OF SASKATCHEWAN

for the

Year ending December 31, 1988



Regina, Saskatchewan
April, 1989

To Her Honour,
The Honourable Sylvia O. Fedoruk,
Lieutenant Governor of the Province of Saskatchewan.

Madame:

I have the honour to submit herewith the annual report of The Saskatchewan Government Printing Company for the year ending December 31, 1988 including the financial statements therefor, duly certified by the Company's Auditors and in the form approved by the Treasury Board, all in accordance with The Crown Corporations Act, 1978.

I have the honour to be, Madame,

Your obedient servant,

Graham Taylor

GRAHAM D. TAYLOR
Chairman and Minister responsible for
The Saskatchewan Government Printing Company

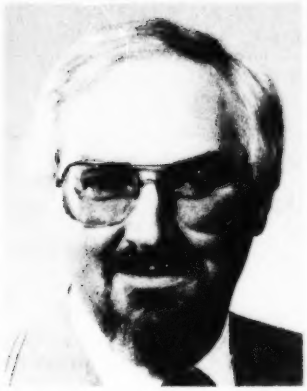
THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

1988

BOARD OF DIRECTORS

HONOURABLE G. TAYLOR	–	Chairman
MR. OTTO CUTTS, Acting General Manager	–	Director
MR. P. LANG, Comptroller		

GENERAL MANAGER'S REMARKS



This is the forty-third annual report of The Saskatchewan Government Printing Company and covers the period for the year ending December 31, 1988.

The Saskatchewan Government Printing Company was established under The Crown Corporations Act of 1945 to operate a general job printing and book binding business. During the past year 2,202 jobs were produced resulting in approximately $1,941,000 in business printing volume. This represents a decrease of $47,000 from 1987.

Sales volume fluctuated from a high of $371,000 in the month of March to a low of $84,000 in the month of February.

Continual improvements and efficiency measures were introduced during the year in order to adjust costs to accommodate the decrease in sales volume.

A net earning of $204,000 before early retirement benefits and interest expense was recorded by the company.

Otto Cutts

Otto Cutts, Acting General Manager
The Saskatchewan Government Printing Company

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have examined the statement of financial position of The Saskatchewan Government Printing Company as at December 31, 1988 and the statements of operations and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan
April 17, 1989.

Mintz & Wallace,
Chartered Accountants.

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF FINANCIAL POSITION

As at December 31, 1988

	1988	1987
Assets		
Current Assets:		
Cash	$ 335,503	$ 577,050
Accounts receivable	503,789	545,365
Inventory (Note 2)	322,935	220,084
	1,162,227	1,342,499
Property, plant and equipment (Note 3)	947,925	923,777
	$ 2,110,152	$ 2,266,276
Liabilities and Province's Deficit		
Current Liability:		
Accounts payable	$ 186,194	$ 148,871
Note payable (Note 4)	2,100,000	2,100,000
	2,286,194	2,248,871
Province of Saskatchewan's Deficit:		
(Deficit) Equity — Statement 2	(176,042)	17,405
	$ 2,110,152	$ 2,266,276

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF OPERATIONS AND DEFICIT

Year Ended December 31, 1988

	1988	1987
Revenue:		
Sale of printing services	$ 1,996,393	$ 2,045,589
Interest	60,057	43,879
	2,056,450	2,089,468
Expenses:		
Operating costs, other than those listed below	1,142,658	1,212,848
General and administration	632,909	567,345
Depreciation	76,559	74,476
Interest	194,616	174,581
Unusual item — early retirement benefits	203,155	—
	2,249,897	2,029,250
Net (Loss) Earnings	(193,447)	60,218
Equity (Deficit) beginning of year	17,405	(42,813)
(Deficit) Equity, end of year — Statement 1	$ (176,042)	$ 17,405

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31, 1988

	1988	1987
Operating Activities:		
Net (Loss) earnings	$ (193,447)	$ 60,218
Non-cash items		
— depreciation	76,559	74,476
— gain on sale of equipment	(1,406)	(2,338)
Net change in non-cash working capital	(23,951)	(38,985)
Net cash (outflow) inflow from operating activities	(142,245)	93,371
Financing Activities:		
Long-term debt borrowing	8,400,000	8,400,000
Repayment of long-term debt	(8,400,000)	(8,400,000)
Net cash (outflow) from financing activities	—	—
Investing Activities:		
Acquisition fixed assets	(100,708)	—
Proceeds from disposal of fixed assets	1,406	2,555
Net cash outflow from investing activities	(99,302)	2,555
(Decrease) Increase in cash	(241,547)	95,926
Cash, beginning of year	577,050	481,124
Cash, end of year	$ 335,503	$ 577,050

(See accompanying notes)

THE SASKATCHEWAN GOVERNMENT PRINTING COMPANY

NOTES TO FINANCIAL STATEMENTS

December 31, 1988

1. *Significant Accounting Policies*

These financial statements are prepared in accordance with generally accepted accounting principles and include the following policies.

(i) Property, plant and equipment

Fixed assets are initially recorded at cost. Normal maintenance and repair expenditures are expensed as incurred.

Depreciation is provided on the straight-line basis at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets over the estimated useful lives. Gains or losses on disposal of individual assets are recognized in income in the year of disposal.

Assets	*Rates*
Building	2½%
Equipment	10%
Photocomposition equipment	20%
Office, furniture and fixtures	5%
Computer equipment	20%

(ii) Inventory

Inventory includes printing supplies and work-in-progress. Supplies are valued at the lower of cost and replacement cost. Work-in-progress is valued at the lower of cost and net realizable value.

(iii) Revenue Recognition

Revenue is recognized at the completion of the work order.

(iv) Status of the Corporation

The Saskatchewan Government Printing Company was established by Order in Council 859/45 and continued under the provisions of The Crown Corporations Act, 1978.

2. *Inventory*

	1988	*1987*
Paper supplies inventory	$ 144,949	$ 115,400
Other supplies inventory	44,950	44,129
Work-in-progress material	19,057	2,539
Work-in-progress labour and overhead costs	113,979	58,016
	$ 322,935	$ 220,084

3. *Property, Plant and Equipment*

	1988			1987
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	$ 121,875	$ —	$ 121,875	$ 121,875
Building	953,162	285,432	667,730	643,998
Equipment	950,719	826,980	123,740	150,909
Photocomposition equipment	146,521	146,521	—	—
Office, fixtures, furniture	14,781	8,525	6,256	6,995
Computer equipment	58,432	30,107	28,324	—
	$ 2,245,490	$ 1,297,565	$ 947,925	$ 923,777

4. *Note Payable*

The Company presently has outstanding a loan from the Department of Finance, renewable quarterly and bearing interest at current rates. At December 31, 1988, the interest rate on this note payable maturing March 31, 1989 was 11%. No security has been provided.

5. *Related Party Transactions*

These financial statements include income and expense arising from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and corporations with which the company is related.

Account balances resulting from these transactions are included in the statement of financial position and are settled on normal trade terms.

Other amounts due to related parties and the terms of settlement are described separately in the financial statements and notes thereto.

6. *Subsequent Events*

Prior to the year-end it was announced that effective March 1, 1989 the Company would cease active operations. All of the Company's property, plant, equipment and inventories as of that date are to be sold at their fair value to a newly formed corporation which is owned by former employees of The Saskatchewan Government Printing Company.

While it will no longer operate as a commercial printer the company will continue to exist in order to collect any receivables and settle any outstanding payables.